

Message Text

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60

ACTION EB-07

INFO OCT-01 EUR-12 NEA-09 ISO-00 FEA-01 AEC-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 /091 W
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R 161530Z JAN 75

FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 5962

INFO AMEMBASSY ROME

AMEMBASSY TRIPOLI

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E.O. 11652: N/A

TAGS: ENRG, IT, LY, MT

SUBJECT: LIBYAN OIL FOR MALTA

REF: VALLETTA 2435 DATED DECEMBER 11, 1973

1. IN DECEMBER 1974 FORMER MANAGER OF ESSO MALTA, HUGH NAUDI, INFOMRED EMBASSY OFFICER THAT THE LIBYAN AGREEMENT TO PROVIDE CRUDE OIL SUFFICIENT FOR MALTA'S 1974 NEEDS WAS VERBAL ONLY, AND THAT NO CONTRACT HAD EVEN BEEN SIGNED. HE CLAIMED LIBYA WAS CHARGING GOM POSTED PRICES OF SOME \$11/\$12 PER BARREL. UNHAPPY OVER THIS PRICE, PM MINTOFF HAD PERSUADED KING FAISAL TO PROVIDE AT LEAST ONE SHIPLOAD AT LOWER PRICES. JOC OIL TRANSPORTED THIS SHIPMENT WHICH, WITH HIGHER FREIGHT CHARGES, APPROXIMATED THE SAME COST AS LIBYAN OIL UPON DELIVERY TO THE REFINERY IN ITALY.

2. ON JANUARY 14, 1975, MUCH OF THE FOREGOING INFORMATION WAS VERIFIED BY OFFICER OF ITALIAN EMBASSY IN MALTA, WHO STATED THAT ORIGINAL AGREEMENT BETWEEN
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GOM AND LIBYA DID NOT SPECIFY FINAL PRICES, AND THAT

DURING 1975 GOM HAD IMPORTED OIL FROM ROMANIA AND SAUDI ARABIA AT LESS THAN POSTED PRICES, IN ADDITION TO IMPORTS FROM LIBYA, AGREEMENT ON FINAL PRICE FOR LIBYAN OIL DELIVERED IN 1974 WAS REACHED DURING QADHAFI VISIT TO MALTA IN DECEMBER 1974. AT THIS TIME, A NEW AGREEMENT COVERING 1975 WAS ALSO MADE.

3. CRUDE OIL PURCHASED BY GOM IS REFINED AT MONTEDISON REFINERY NEAR CATANIA, SICILY. REFINING COSTS ARE LESS THAN NORMAL, BECAUSE GOM DOES NOT HAVE THE SULPHUR REMOVED.

4. COMMENT: MINTOFF CONTINUES TO WITHHOLD DETAILS OF GOM OIL IMPORT AGREEMENTS FROM PARLIAMENT AND MALTESE PUBLIC, DESPITE INTENSE INTEREST THIS SUBJECT THROUGHOUT MALTA. AS A RESULT, THERE IS CONSIDERABLE SUSPICION THAT RETAIL PRICES BEING CHARGED FOR GASOLINE ARE PROVIDING GOM WITH HIDDEN "PROFITS" AT THE EXPENSE OF PRIVATE CAR OWNERS. SMITH

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Message Attributes

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Margaret P. Grafeld
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